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NBC'S "MEET THE PRESS"

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NATIONAL ECONOMIC COUNCIL DIRECTOR GENE SPERLING

[*] GREGORY: This Sunday, the sequester happened. Spending cuts now take affect across the board. What will the impact be as Washington stumbles along to the next fiscal crisis?

The President and congressional leaders meet, but no deal.

BARACK OBAMA, PRESIDENT OF THE UNITED STATES: None of this is necessary. It's happening because a choice that Republicans in Congress have made.

(END VIDEO CLIP)

GREGORY: Should the President have done more?

(BEGIN VIDEO CLIP)

OBAMA: I am not a dictator. I'm the President.

(END VIDEO CLIP)

GREGORY: Any chance that the GOP will cave on more taxes?

(BEGIN VIDEO CLIP)

BOEHNER: There's no one in this town who's tried harder to come to an agreement with the President to deal with our long-term spending. No one.

(END VIDEO CLIP)

GREGORY: This morning, my exclusive interview with Speaker of the House John Boehner.

And the White House view from top economic adviser to the President Gene Sperling, who also found himself in the middle of a feud with "Washington Post" reporter Bob Woodward.

And later insights and analysis from our roundtable: the politics of the budget showdown and some other debates this week. The future of the Voting Rights Act and whether working from home is still ok.

UNIDENTIFIED MALE: From NBC News in Washington, the world's longest-running television program, this is

MEET THE PRESS with David Gregory.

GREGORY: And good Sunday morning.

So sequester is in effect. But the impacts have yet to be felt. One thing is clear, frustration with Washington has never been higher and both sides are still dug in on how to solve our debt crisis. More taxes versus more spending cuts.

We have both sides of that debate this morning starting with man leading the Republican in the House Speaker John Boehner. At the 11th hour of the sequester Friday afternoon, he made a high stakes visit to the White House to meet with President Obama. Moments after he returned to his office, I spoke with him exclusively about that meeting what's next and what's at stake in this debate.

(BEGIN VIDEO CLIP)

GREGORY: Mr. Speaker, thank you for taking the time.

BOEHNER: David, good to be with you.

GREGORY: As we sit here Friday afternoon, you've emerged from a meeting at the White House. There is no deal. Take me inside the room. What happened?

BOEHNER: Well, we had a very nice polite discussion. But I had asked the President and Senator Reid to come with a plan to replace the sequester. You know, listen, we've known about this for 16 months. And yet even today, there's no plan from Senate Democrats or the White House to replace the sequester.

And over the last 10 months, House Republicans have acted twice to replace the sequester. There are smarter ways to cut spending than these automatic across the board --

GREGORY: But Speaker that is just not true. They've made it very clear as the President just did that he has a plan that he's put forward. That involves entitlement cuts, that involves spending cuts, that you've made a choice as have Republicans to leave tax loopholes in place, and you'd rather have those and live with all these --

(CROSSTALK)

BOEHNER: Well David, that's just nonsense. If he had a plan, why wouldn't Senate Democrats go ahead and pass it? The House has acted twice over the last 10 months to replace the sequester. If we're going to -- the President got his tax hikes on January the 1st. If we're going to get rid of loopholes, let's lower rates and make the tax code fair for all Americans.

GREGORY: But let's just talk about that for a second because this can get complicated but it's an important point. If most Republican economists believe that tax loopholes is actually tax spending, it's actually spending in the tax code.

BOEHNER: That's correct.

GREGORY: All right, so if you like defense spending and that's going to be cut arbitrarily, you would agree that this is stealth spending in the tax code, why not give on this? Why not allow some revenues to come from tax reform, you protect defense spending and you unlock the key to getting the kind of entitlement cuts the President says he would give you if you would just give revenues on tax reform?

BOEHNER: Listen I have worked with the President for two years to try to come to an agreement. Unfortunately, we've not been able to do so. But the house --

GREGORY: (inaudible) because you were for tax reform a couple of months ago.

BOEHNER: I want tax reform. Republicans want tax reform. We want to bring rates down for all Americans so that we've got a fairer tax code. But to arbitrarily pull out a couple of tax expenditures and to say, well, we ought to use that to get rid of the sequester, listen well, every American knows Washington has a spending problem.

Every American in these tough economic times has to find a way to balance their budget. They've got to make choices. And they expect Washington to live within its means and to make choices as well.

And we know that we've got a structural deficit. The President has run up \$5 trillion worth of debt in the last five years. We have another \$1 trillion budget deficit this year. It's time for the President and Senate Democrats to get serious about the long-term spending problem that we have.

GREGORY: Again and the President has laid this out. He is serious about tackling the long-term spending problems, including dealing with Medicare. But he said it here. There is an iron clad rule that Republicans have "no new revenue". And without that there can be no deal.

BOEHNER: David, the President got \$650 billion of higher taxes on the American people on January the 1st. How much more does he want? When is the President going to address the spending side of this?

GREGORY: But Simpson and Bowles, who a lot of people around here think it's really the paradigm, had a look at long-term debt reduction, they wanted a lot more revenue. You always say look, he got his revenues, end of topic, he got \$600 billion. You yourself said look, we got 99 percent of the Bush tax cuts extended. That's a pretty good deal. So you didn't have to give up a lot for that. Only 18 percent of the Bush tax cuts were rescinded with that \$600 billion --

(CROSSTALK)

BOEHNER: There was no --

GREGORY: And -- but wait a second. But you committed to more in the way of revenue just last December.

BOEHNER: But the President and I never came to an agreement. He could have come to an agreement but he didn't. He got his tax hikes. It's time to cut spending. And every American knows it.

GREGORY: But the President, is he not committed to spending, does this deal that was still on the table not include over \$900 billion in spending cuts over 10 years?

(CROSSTALK)

BOEHNER: Well, the President asked for \$1.3 trillion worth of increases in revenue and only put up \$850 billion worth of spending cuts. Everybody in Washington knows what the problem is. But nobody wants to address it. I've been here for 22 years. And I've watched presidents from both parties. I've watched leaders from both parties kick this can down the road, kick it down the road, and kick it down the road. We're out of road to kick the can down.

We've got a long-term spending problem that has to be addressed. I spent the last two-plus years trying to bring

this town to address this problem, and it is going to be addressed.

GREGORY: And there's going to be different points of view of that, because obviously the President believes he has done it and is addressing it.

I want to try to pin you down on two points. You were just talking about tax reform. And your objection it seems to this formulation, which is allow some revenues to come from tax reform to unlock entitlement cuts and then you get rid of the sequester. But you think that sort of arbitrary is just a couple of deductions. Are you open down the line to using revenue derived from tax reform closing deductions to actually pay down the deficit?

BOEHNER: I'm going to say it one more time. The President got his tax hikes on January the 1st. The issue here is spending. Spending is out of control. There are smarter ways to cut spending than the silly sequester that the President demanded. And so we need to address the long-term spending problem.

But we can't cut our way to prosperity. We also have to have real economic growth. American family wages aren't growing. They are being squeezed. And as a result, we've got to find a way through our tax code to promote more economic growth in our country.

We can do this by closing loopholes, bringing the rates down for all Americans, making the tax code fairer. It will promote more economic growth --

GREGORY: There's no iron-clad evidence that's lowering marginal tax rates is going to lead to economic growth.

BOEHNER: Oh yes. There's --

GREGORY: The mounting raise taxes, Reagan raise taxes.

BOEHNER: There's mountains of evidence that we bring tax rates down that will help spur economic growth in our country.

GREGORY: That hasn't been tried for?

BOEHNER: Yes, Ronald Reagan in 1981.

GREGORY: And he also raised taxes.

BOEHNER: And -- and it worked very well.

GREGORY: But he raised taxes as well and it didn't hurt the economy did it. BOEHNER: Listen, he lowered taxes twice, both in 1981 and again out of the 1986 tax reform. When they lowered rates for all Americans, we had this boom in economic growth. Why -- because we got rid of a lot of the silly deductions, brought the rates down in it to help promote more economic growth in our country.

GREGORY: The President says, look, on the long-term spending issues on health care and I've talked about this with you before, you'd like us to raise the eligibility rate for Medicare recipients. That's something the President opposes.

He is however willing to --

(CROSSTALK)

BOEHNER: No, no, no. He was for it.

GREGORY: Right he was for it and then he pulled back.

BOEHNER: Before he was against it, yes.

GREGORY: Ok he's pulled back and it was ok. But he's for means testing for wealthy Americans. He's got that's on the table according to the White House. And he's for what's called in this town chain CPI, which is basically a reduction in benefits over time. How is that not being serious about the long-term entitlement problems?

BOEHNER: Well then why haven't Senate Democrats passed the President's plan? The House has passed a plan twice. Over the last 10 months to replace the sequester. Senate Democrats have done nothing. It's time for them to vote. It's time for us to get back to regular order here in Congress.

Now when the House passes a bill, the Senate passes a bill and if we disagree we go to conference to resolve those differences. And I made this point at the White House today. It's time for us to do this via regular order.

Later on this month, the House is going to move its budget. Senator Reid acknowledged that the Senate expects to move their budget later on this month. Hopefully out of this process, we can go to conference with the Senate and maybe come to some agreement.

GREGORY: So what goes on in these meetings? I mean, you talk about a nice conversation and you keep talking about your relationship being pretty good with the President. It's hard for any of us to believe that given how personal it seems, given how pointed the language seems to be and that you're just at such a basic philosophical, ideological, practical disagreement here.

I mean, you've got Congress left town. Both sides don't have a deal and yet it's going forward.

(CROSSTALK)

BOEHNER: We had a very pleasant meeting but it was also a very frank meeting. I made it clear to the President that he got \$1 trillion worth of tax hikes in Obamacare. And he got another \$650 billion worth of tax hikes on January the 1st. We can't tax our way out of this problem, we've got to deal with the spending side just like every American family has to.

GREGORY: You've used some tough language this week. And at one point this week, you directed your fire at the White House and at the Senate. And here's what you said.

(BEGIN VIDEO CLIP)

BOEHNER: We have moved the bill in the House twice. We should not have to move a third bill before the Senate gets off their ass and begins to do something.

(END VIDEO CLIP)

GREGORY: What did you mean by that? And is that appropriate for the Speaker of the House to speak that way?

BOEHNER: Listen, I speak English. And the fact is, the House has done its work. We have this sequester because the President demanded it and because Senate Democrats have refused to act.

GREGORY: 174 of your members in the House voted to support it at your urging. You both agreed to do this.

BOEHNER: Listen the President demanded it at the 11th hour in July of 2011. When he -- because he didn't want to be inconvenienced by having another vote on the debt limit before his re-election in 2012. And as a result, the agreement that Senator Reid, Senator McConnell and myself had that didn't have the sequester, he would not accept.

So he demanded that we find a way -- so he could avoid a second debt limit vote before his re-election. That's where the sequester came from.

GREGORY: So you say that the House has twice passed a bill on this. The truth is you passed a bill that you knew would never going to be accepted by Democrats. You target setting up exchanges under Obamacare. You target Dodd Frank. You target Medicaid, eligibility. Those -- those are poison pills that you say the Senate Democrats are doing now.

BOEHNER: Most of the changes in our bill to replace the sequester came out of the President's own budget. Not all of them, but most of the changes.

GREGORY: Stuff that you put in there, you knew Democrats wouldn't support it and it's exactly what you say Senate Democrats are doing now, which is putting in things that the Republicans won't support.

BOEHNER: David here is the process the House passes a bill. The Senate can pass a bill. And if we disagree, we go to conference and work it out.

GREGORY: So Speaker what happens now? What do you think the impact of all of this is? The President is saying there will be a ripple effect in the economy. There will be a growth cut, there will be a loss of 750,000 jobs. What's the impact?

BOEHNER: Well then, why hasn't he acted?

GREGORY: Now I'm asking you what is the impact? I know how you feel about why he hasn't acted?

BOEHNER: Listen this is not the smartest way to cut money. The smarter way would be to actually move a bill that deals with the long- term spending problem. You can't continue to spend money that you don't have.

GREGORY: But is this going to hurt the economy? It will hurt economic recovery?

BOEHNER: Listen, I don't know whether it's going to hurt the economy or not. I don't think anyone quite understands how the sequester is really going to work.

GREGORY: Is the President exaggerating when he and his cabinet lay out the consequences?

BOEHNER: Well, if you look at the fact that they claimed all these air traffic controllers are going to be laid off and then it was found out they really didn't have to. And then when the Secretary of Education went out and claimed that all these teachers in one county in West Virginia were being laid off as a result of the sequester, found out that wasn't quite true.

And then the release of thousands of detainees down in Arizona before the sequester even takes effect. There's a lot of questions about how the White House is handling the communications on this.

GREGORY: So wrote -- you called the sequester dangerous, and it would, quote, "Threaten U.S. National security". Were you exaggerating?

BOEHNER: I am concerned about its impact on our economy and its impact on our military. Listen, we've known about this problem for 16 months. We've known the sequester was coming. That's why the House last year acted twice. Why didn't the Senate Democrats act? Where was the President's plan? Why didn't they pass something?

And here we are at the -- beyond the 11th hour, looking at each other, without -- without having acted.

GREGORY: Do you think Bob Woodward has exposed something about the White House positions on all of this that we didn't know?

BOEHNER: Well, I think he made clear that the sequester was the President's idea. It was the White House that demanded it. I think Bob Woodward was right. GREGORY: The feeling is, you hear it publicly from the President. But also privately as well, that you can't agree even if you'd like to on any more revenue because the House caucus, conservatives, Tea Party folks, were so upset with you for the last revenue increase to avoid the fiscal cliff that they in effect lead you, you don't lead them, that you don't have room to maneuver.

BOEHNER: Well, David, let me just say this. There's not one member of our caucus who said one word to me that was critical of the fact that we lowered taxes for 99.1 percent of the American people -- not one.

GREGORY: Are you secure in your Speakership?

BOEHNER: Listen, I'm here to lead the fight against out of control spending. And I'm going to lead that fight as Speaker of the House.

GREGORY: The next crisis potentially is what happens when you fund the government for the rest of the year. That's called the continuing resolution. Are you committed to doing whatever it takes to keep the government open?

BOEHNER: Absolutely. We at the House next week will act to extend the continuing resolution through the end of the fiscal year, September 30. The President this morning agreed that we should not have any talk of a government shutdown. So I'm hopeful that the House and Senate will be able to work through this.

GREGORY: So what happens next? Is the political outcry, does it cause so much political pain on one side or the other that the one side gives? How does it get resolved?

BOEHNER: I don't think anyone quite understands how it gets resolved. After we do our continuing resolution, we'll begin to work on our budget. The House has done a budget every year that I've been Speaker. The Senate hasn't done a budget for four years. They have committed to do a budget this year, and I hope that they do.

And out of that discussion, out of that process maybe, maybe we can find a way to deal with our long-term spending problem.

GREGORY: I'll ask you what my White House colleagues in the press corps there have asked the President. Do you bear any responsibility for a failure to find agreement?

BOEHNER: There's no one in this town who's tried harder to come to an agreement with the President to deal with our long-term spending problem -- no one. It's unfortunate, and we've not been able to come to an agreement. But the House did its work to avoid this sequester, to avoid these random and automatic spending cuts. The fact is, the President and Senate Democrats have done nothing to pass a plan to avert this and deal honestly with the spending problem the country has.

GREGORY: I want to ask you just a couple of quick items away from this fight if I can. On gun control, you know, you memorably stood up and applauded when the President recognized some victims including Gabby Giffords at the "state of the Union". In the House, will they get a vote that the President said they need to get on all of the proposed gun control measures?

BOEHNER: I've made clear if the Senate acts on gun control legislation, the House will consider it.

GREGORY: Are background checks the sweet spot here? Do you support them?

BOEHNER: We have had a number of hearings in the House and we'll continue to have hearings. But, David, we need to look at more than just guns. We need to look at violence in our society. We've got a violent society. If you look at all of these mass shootings, what you see is the people who perpetrated these crimes all had a history of mental illness. So where's the nexus? How do we insure that we keep guns out of the hands of people who should not have them?

GREGORY: There's a poignant moment on Capitol Hill this week when Rose Parks was honored with the statue here. And a heated debate about voting rights in the Supreme Court. Justice Scalia said the act now amounts to quote, "perpetuation of racial entitlement" and questioned whether it was the kind of question you can leave to Congress. You voted to re-authorize this in 2006. You called it an effective tool. Do you believe that the Voting Rights Act is still needed?

BOEHNER: Oh I think the Voting Rights Act is passed with large majorities in the House and Senate. I think it's something that has served our country well. But there is an argument over a very small section of the Voting Rights Act, and that's what the court is going to consider.

GREGORY: You told the "Wall Street Journal" in January in the middle of the fiscal cliff deal, I need this job like I need a hole in the head. It doesn't sound like you're particularly loving your work.

BOEHNER: This is hard. I think the American people understand it's hard. You know, if solving the spending problem were easy, somebody around here over the last 20 years would have done it. It's not easy. And there are big disagreements between the two parties in terms of how we address it. But it's an issue that has to be addressed. And I frankly have made it my mission as Speaker to address this problem, because it is the greatest threat to our country.

GREGORY: It's a high-stakes time, I asked you a bunch of tough questions. I appreciate you coming on and answering them, Speaker. Thank you.

BOEHNER: Happy to do it.

GREGORY: Thank you. Appreciate.

And now to the White House view and the director of the National Economic Council, Gene Sperling -- Mr. Sperling, welcome.

SPERLING: Thank you, David.

GREGORY: Tough questions for the Speaker of the House and now some tough questions for you about this whole fight. You're sitting there with a laminated copy of the President's principles, his plan as I described when I questioned the Speaker of the House what the President was for.

But here's the problem. Senate Democrats didn't take that blueprint in their legislative fight. If this was the plan, why didn't Senate Democrats control, you know, they control the Senate, the President's party, why didn't they get it passed?

SPERLING: Well actually, David, as you know, when you're trying to pass something in the United States Congress, you need 60 votes in the Senate. You do need some bipartisan support. And, look, I think what the President has said all along is that we're only going to get the kind of agreement that gets rid of this very harmful sequester that takes away the threat of shutdown and defaults and all the things that are holding back economic growth and job creation in our country if both sides are willing to compromise.

You're right, you know, the President has a plan. This is a summary. It's on the White House Web site. But the Speaker understands this. And what I think is most important to understand is that this really does reflect compromise. We have already cut the deficit by \$2.5 trillion; \$3 in spending cuts for every \$1 of revenue. Now the President puts an offer to Speaker Boehner in December; even though the Speaker walked away from the negotiations, he's kept that offer on. And this offer has \$2 in spending cuts for every dollar in revenue.

GREGORY: As you knew, Mr. Sperling, you are not going to get new revenue. They signalled this repeatedly, and the President went out there to campaign to try to raise the stakes and raise the public pressure, and it didn't work. Was it a miscalculation?

SPERLING: David, I have to disagree with you. We were in negotiations in December where the Speaker of the House John Boehner who you just interviewed was willing to suggest put on the table \$1 trillion in revenues for deficit reduction as long as it came from reform that focused on closing loopholes and deductions.

GREGORY: Right. But that fiscal cliff deal, what ended up being was just a tax increase that came out of that. There was not balance which is what the President says he's for now. There were no spending cuts. It was just revenue. That's what the Speaker said. You got your revenue. Now where are the cuts?

SPERLING: Let me answer. Obviously, the President wanted the balanced agreement. It was the Speaker who walked away. We wanted an agreement that included long-term entitlement reform. And we give the Speaker credit for the \$600 billion. But I'll do a simple math equation here, David. If he put \$1 trillion of revenue on the table 10 weeks ago, and \$600 billion has been passed, if he was keeping his offer on the table, he would be at least willing to consider \$400 billion more in revenues as a starting point from tax reform if the President is keeping his offer on the table.

And, David, as you know, these are tough things the President agreed to -- means testing Medicare. That means higher premiums for well off Medicare recipients. \$400 billion over 10 years in Medicare savings and the hardest of all --

GREGORY: But Mr. Sperling, I just think -- to point out --

SPERLING: -- the adjustment of the consumer price index.

GREGORY: You say the President is for these things. I have a reason not to believe that's true. That's not what Senate Democrats put in their replacement legislation. So when it came to the legislative fight, because this is tough for Democrats. They're not onboard. So that's not the plan that he went to legislative battle with it. He said he's for it. But that's not what the Senate could pass.

SPERLING: I think we need to separate two different things. What the Senate put forward was a temporary

replacement bill just so that we could have more time to work on a longer agreement. You and I both know that the real answer to eliminating this harmful sequester for the next 10 years is exactly the type of balanced agreement that the President has called for, has still kept on the table, and that the Speaker Boehner was willing to consider just months ago.

GREGORY: Let me jump to this issue of impact on the economy to federal workers, to the military and other aspects of this. I'm not going to play this particular sound bite. But a couple of weeks ago, the President was warning of the meat cleaver approach, it's going to jeopardize our military readiness; that this was really going to hurt people who would lose their jobs. And then on Friday, he seemed to change his tone. This is what he said.

(BEGIN VIDEO CLIP)

OBAMA: This is not going to be an apocalypse, I think, as some people said. It's just dumb. And it's going to hurt.

(END VIDEO CLIP)

GREGORY: Did the President exaggerate the case to try to win enough political pressure on Republicans that he didn't get in the end?

SPERLING: No, not at all. You know, independent economists from the chairman of the Federal Reserve to the independent Congressional Budget Office have estimated that this sequester is going to cost our economy 750,000 jobs. I talk to CEOs every day who tell me they have job creating projects on hold because of the sequester and its uncertainty. I talked to a major CEO who says he has 20,000 suppliers, small businesses, that will be deeply hurt.

And we could go on about all the impact but.

GREGORY: Well, the impact includes -- what about teachers? Arne Duncan, the Secretary of Education, said on "Face the Nation" last Sunday there are literally teachers now who are getting pink slips, who are getting notices, they can't come back this fall.

And then some fact checking came out to prove that wasn't the case. "The Washington Post" on Thursday reporting that sequester spin gets ahead of reality. When he was pressed in a White House briefing Wednesday to name an example, Duncan came up with one school district in West Virginia, and he acknowledged whether it's all sequester related, I don't know. As it turns out it isn't.

Doesn't it hurt the White House's credibility, the President's own credibility, to make these claims have them turn out to not be true?

SPERLING: David, I think we are having a debate about what the impact is in the first couple of days. Nobody ever suggested that this harmful sequester which the Speaker himself said would be devastating to national security was going to have all its impact in the first few days. It is a slow grind. But make no mistake about it. You can't cut \$42 billion from defense in seven months and not hurt jobs, veterans, and, you know, veterans are often those who work in civilian military jobs. You're going to hurt a lot of people. You're going to hurt a lot of communities that rely on military spending.

And, yes, you are going to hurt education. You're going to hurt children getting mental health treatment. And my hope, David, our hope is that as more Republicans start to see this pain in their own districts that they will choose bipartisan compromise over this absolutist position. That's why, you know, just yesterday the President is

on the phone calling both Democrat and Republican senators who he believes want to be part of a compromise.

GREGORY: Back in October, the President staked out some very clear ground in the Presidential debate against Mitt Romney. Here's what he said.

(BEGIN VIDEO CLIP)

OBAMA: First of all, the sequester is not something that I proposed. It's something that Congress has proposed. It will not happen. The budget that we're talking about is not reducing our military spending. It's maintaining it.

(END VIDEO CLIP)

GREGORY: The White House has acknowledged that's not accurate. The President did propose this. He didn't want it to become law, and Republicans supported it. But it was the White House's idea. He said there unequivocally it will not happen. And yet it's happened. Is there some responsibility he bears for that?

SPERLING: David, Jonathan Chase of "New York" magazine, you know, gave the following analogy. A mugger comes up to you and says, "Give me your wallet". You say I don't have my wallet but here's my watch. Well technically, giving your watch was your idea but it doesn't really tell the whole story. We know, everyone knows that the President wanted an enforcement mechanism that included revenues on the most well off.

The Speaker insisted, the Republicans insisted that, it just be an enforcement mechanism on all spending cuts. Because we were forced to do that it is true we suggested going back to the Graham Ruddman Hollings mechanism on the hope --

GREGORY: That's what he said in the debate, I didn't propose it.

SPERLING: I think it's most accurate that they did propose an all spending mechanism that would have the type of harmful impacts on defense and on education and research. And the idea -- and this is the critical part. The idea was not that these would go into effect but that people of good faith would come back and compromise. And we know that that is what's important.

You know Republicans aren't getting a win by letting the sequester go into effect. They want more funding for border security. They say they want more funding for defense. The Speaker says he wants more on long-term entitlement reform. This gets nothing. It gets long-term entitlement --

GREGORY: Was the President right or wrong in that clip that I just showed you?

SPERLING: I think the President was overall right in that the idea of an across the board all spending cut was the idea of Republicans. But, yes, we put forth the design of how to do that. But David --

GREGORY: Which was the sequester.

SPERLING: But, David, the right issue is --

GREGORY: Which was the sequester?

SPERLING: Look, the right answer is that we all did agree to this and we all agreed to it --

GREGORY: Part of the reporting on this --

SPERLING: -- to force us to compromise on long-term entitlements and revenue reform.

GREGORY: But that hasn't happened.

SPERLING: Exactly what Bowles-Simpson and others called for --

GREGORY: But that hasn't happened.

SPERLING: But why hasn't it happened David?

GREGORY: And it's a back and forth, well --

And I think you made your case about that. In the back and forth, you also found yourself in a feud with Bob Woodward this week of the "Washington Post" about some of these issues. And part of that exchange in an otherwise cordial email included this. Here was a e- mail from you to Bob Woodward that was released.

In it, "I do truly believe you should rethink your comment about saying that the President asking for revenues is moving the goal post. I know you may not believe this, but as a friend I think you will regret staking out that claim. When you said you would regret staking out that claim, what did you mean?

STERLING: I meant that while the first issue of whose idea it was of the sequester was when I disagreed with him on, but I could see how honorable people could disagree. I was trying to explain to him from a substantive point of view that the idea that the President of the United States was moving the goal post by asking for the type of balance of tax reform that raised revenues, which Speaker Boehner himself, as you know had called for, as well as long-term entitlements together

SPERLING: To get rid of the sequester. There's not only not moving the goal post, that was the whole idea of the sequester, and I think that e-mail was cordial. It was substantive. It was polite.

GREGORY: You say you're going to regret it. I mean, does the President think that's a good idea to say to reporters that the challenge then that you're going to regret staking out that claim?

SPERLING: Well, David. I've had a 20 year relationship with Bob Woodward. It's been friendly. It's been cordial. Those e-mails are very substantive. They're cordial. They're friendly, and his reply to me -

GREGORY: Why do you think he's gone public with it and made an issue of it.

SPERLING: Well, David. I guess I'd ask people to look at his reply. His reply said, "Gene, you don't need to apologize." He said he welcomed my advice. So I can't really explain it. All I can say, David, is, I hope Bob and I can put this behind us because I think it takes away the focus. --

GREGORY: Were you threatening him in any way?

SPERLING: Of course not.

GREGORY: Okay. I think I'm going to leave it there. Lots more of this debate to come. I want to clarify one point. In your -- in the White House's view there will not be a government shutdown in several weeks. This fight will extend now to a budget fight in the fall. Is that a fair thing to say?

SPERLING: What is fair? Is that if the Republicans stay with their part of the deal, meaning that they put forward a continuing resolution that's reasonable, not political, stays at the level that we agreed to, which is \$1.043

trillion. If they --

GREGORY: My question, are you committed to not shutting down the government.

SPERLING: If they agree to that, which they suggest that they would, then the President doesn't believe in manufacturing another crisis, but we will still be committed to trying to define Republicans and Democrats that work on a bi-partisan compromise to eliminate -- get rid of the sequester. And that's why the President was calling leadership on Friday. That's why he spent this Saturday afternoon calling Republican and Democratic Senators who he thinks could be part of a caucus of common sense to help move our country forward.

GREGORY: Alright, we will leave it there. Gene Sperling. Thank you very much.

SPERLING: Thanks David.

GREGORY: And coming up here. What are the sequester cuts and all of their impacts, both real and politically. How does it get resolved? How do we get to a point where we can avoid these crisis in the future. These kinds of financial crisis.

With me, to break it all down, insights analysis from our round table. Congressman Raul Labrador, Kathleen Parker of the Washington Post, also Joy Reid, Chuck Todd, and Tom Brokaw. Political Round Table coming up next.

(COMMERCIAL BREAK)

GREGORY: Coming up, the politics behind the budget standoff. How do we prevent the ongoing cycle of fiscal crisis. Insights and analysis from our roundtable next.

(COMMERCIAL BREAK)

GREGORY: We are back with our Round Table. There's the LA Daily News, Washington is totally broken. I think there's a lot of that feeling going around. Joining me now for the roundtable, Republican Congressman from Idaho, Raul Labrador, Managing Editor of the Grio.com and columnist for the Miami Herald, Joy Reid, first time on Meet the Press. Welcome here.

JOY REID, MANAGING EDITOR, GRIO.COM; COLUMNIST, MIAMI HERALD: Thank you.

GREGORY: Our Chief White House correspondent and Political Director, Chuck Todd. His 900th time on Meet the Press. Columnist for the Washington Post, Kathleen Parker, and NBC Special News correspondent, Tom Brokaw. Welcome to all of you. Mr. Brokaw, what do you think of this fine mess Washington finds itself in once again?

TOM BROKAW, NBC NEWS CORRESPONDENT: Well, I really think that behind the headlines, as in the Washington Post this morning, and it says that Obama sees 2014 as key to his legacy. What we have going on here, 18 months out, are both sides positioning themselves for trying to retain control on Republican side of the House and maybe even one in the Senate, the President trying to build a legacy of some kind.

There's a whole lot of politics in this, as there is in everything else. Kind of two villages clashing with each other, who seem to occupy a separate universe. I think it's going to be okay in the short term but once these cuts begin to take hold, and people begin to respond to them, even those who believe in the idea of a smaller government. That's when the rubber will hit the road. I just don't know when that's going to be.

GREGORY: Congressman, what to you say about that? I mean, you go home, you worry about a cascading effect in these cuts or do folks at home say, "No, you did the right thing."

LABRADOR: Well, most folks in Idaho are saying we did the right thing. So if you think about what families have had to deal with over the last four or five years. They've had to cut spending. We're talking about two cents of every dollar that's spent in Washington, they see as have to be cut.

We're borrowing between 35 cents and 42 cents every single year of every dollar, and we're worried about two cents of every dollar. I think we need to make sure that we do the right things and the President, already told you. In fact, the gentlemen who was here before. He'd already told you that Republicans are going to feel the pain in their districts.

That's what the President is going to try to do. He's going to try to make sure that the Republicans feel the pain in their districts, instead of doing the responsible thing. We can find ways to cut in Washington D.C. that are responsible, that are appropriate, that are not painful but the White House is going to make sure that we do, is that we feel the pain because they don't want to cut government spending. They want to increase taxes and they want to increase spending.

GREGORY: Joy Reid. The President, in effect, tried that and -- whether, I mean -- the polling shows that it was successful. Our poll shows that 52% think that it's a bad idea. But here was Tim Huelskamp, from Kansas in the Washington Post on Tuesday, and this was his quote, "This will be the first significant Tea Party victory in that we got what we set out to do in changing Washington."

REID: Yes, therein lies the dilemma, I think, for Republicans. They've built a lot of their brand, at this point, a significant share of their brand around cutting government spending. But, you both can't take credit for the overall cutting of government and then try get out of the blame, if specific cuts hurt you in your district or if your constituents feel the pain of it.

So Republicans are trying to balance what is a brand problem, which is that they are now the party of cutting spending, of austerity. But austerity is not popular. The polling shows that the American people would blame Republicans if the pain for austerity is felt by them. So Republicans have to find a way to sort of, blame the President for the specifics but take credit for the overall policy and that's a challenging thing to do.

GREGORY: So what about the 2014? Are we beyond thinking about this year, Kathleen? Is it about the midterms?

PARKER: Apparently. It's in my newspaper, so it must be true. That's a very daunting task for the President. It's clearly his strategy to make the Republicans responsible for any fall out. But the Republicans are probably going to prevail in this because just traditionally, Republicans do better in the off years.

There's higher turn out, so the President is trying to buck a historical trend. And, I suspect too, that what's happening with the sequester and the cuts, the results of which have yet to be seen, will play pretty well in the congressional district he's aiming for.

GREGORY: And that -- is that the miscalculation here by the White House, Chuck?

TODD: Well, look. I think the miscalculation was they didn't understand for some reason that John Boehner, Mitch McConnell, and John Cornyn, okay, the top two leaders in the senate and John Boehner. They -- what President was asking them to do was, "Will you risk your political career, will you lose your job, in exchange for caught doing a deal with me that includes his taxes, okay."

Now the President never says, "Will you lose your job" in the middle of it, but that is the fact. They would have lost their jobs. John Cornyn would lose the primary. Mitch McConnell would lose the primary. Any compromise that includes any new taxes on this, is going to do that.

What I found interesting about last week, was everybody claiming that this was such a horrible thing but the actions didn't meet the words. There was no serious effort to stop it. And, you almost wonder if these politicians are secretly going to themselves, both some on the left who would say to you, "They'll never get these defense cuts any other way", some on the right will sit there and say, "There's no way we can even convince members of our own party to do these cuts."

So, we can blame the other side if you don't like them but it's the only way government spending ever gets cut around here. And, I think there was a silent majority, clearly in the House and Senate, that didn't mind seeing these go through because if they did, they would've done real -- they would've --

LABRADOR: But, David. John Boehner, I've been a critic of John Boehner at times.

GREGORY: Right.

LABRADOR: He has been willing to lose his job over increasing taxes, over cutting spending. He actually had a deal with the President, and it was the President who moved the goal post.

GREGORY: But he would've lost the speakership though.

LABRADOR: He wouldn't have lost. --

GREGORY: You don't think so?

LABRADOR: We actually increased taxes. I didn't vote for it but we increased taxes at the end of the fiscal year. The --

TODD: That's not what John Boehner said to David Gregory. LABRADOR: But he --

TODD: The President got his taxes and then later in the interview he goes, "Well, what do you mean, David, we lowered taxes on 99 percent --

LABRADOR: We did lower taxes on 99 percent of the people but the reality is that he was willing to the White House. He was willing to work with the White House and he was willing to risk his job, knowing that many of us were not going to be happy.

And, the President continued to move the goal post. And that's what Bob Woodward has been reporting, and finally someone in Washington D.C. is telling the truth about this President is doing. The President doesn't want a deal. The President wants a political victory. He wants a political victory on taxes. He wants a political victory on spending. And, I'm afraid that he wants a political victory on immigration.

GREGORY: Tom Brokaw, you've known Bob Woodward a long time and this issue came up as I asked Gene Sperling about. And here's how Woodward reacted to getting the e-mail. He spoke on CNN this week.

(BEGIN VIDEO CLIP)

BOB WOODWARD, JOURNALIST: I mean, it makes me very uncomfortable to have the White House telling reporters you're going to regret doing something that you believe in, and even though we don't look at it that

way, you do look at it that way.

(END VIDEO CLIP)

GREGORY: You know, I told Gene Sperling that he should be offended that nobody believes that he's that threatening.

BROKAW: I know Bob a long time, going back to his seminal days at the Watergate Reporter, and I'm confident that White House has made him a lot more uncomfortable than that e-mail over the course of the years that he's talked to him.

Any reporter who's worked in this town has been yelled at by somebody in the White House or somebody on the Hill. It gets -- just comes with the territory. This is a spec that became a sand storm overnight, unfortunately, and I think it's really reflective of the kind of media environment which we live in. Everybody's looking to stir something up.

When I was covering Watergate, there was a wise old bird who did commentary of -- for the New Republic. His name was John Osborne (ph). He was one of the great, great commentators of this town. He took me to lunch one day and he'd had a blow up with the White House the day before and he looked at me, and he said, "You know, Brokaw.

The problem is that the journalist, all of us, we've got glass jaws. We throw punches when somebody swings back, we go down with the first punch, like a fowl of some kind. That's what we have to keep in mind. Reading Bob between the lines here in his last appearances, I think he does believe it kind of got out of his control at some point. We've got to move on. The country doesn't care about this. This thing about an intramural fight in a high school cafeteria. It should be over now.

GREGORY: I don't know if that guy knows my wife but she says the same thing, about all of us. Joy, what about this (inaudible) issue, in terms of where this goes from here. A lot of some bobbing and weaving there from Gene Sperling about avoiding a government shutdown.

But, Boehner said that we're not going to shut down the government so this is going to be fight later on. Do liberals have to come to the idea that the President is willing to give up some stuff Medicare at a certain point, if he can get to that end game where he might be able to get some more revenues?

REID: Well, you know. Obviously, liberals are not happy with any idea that cuts Medicare, and it was interesting that the whole deal that came together, the Budget Control Act 2011, left Medicare off the table. It's such a hot issue, and I think Republicans maybe have some regret that they didn't try to get that in there because this deal that was done did not include Medicare.

That said, the President has put changed CPI on the table in the past that -- his base doesn't like it. But, I don't see how you get to a compromise when Paul Ryan who's the budget writer in the House, is coming back again to the idea of voucherizing Medicare. He's bringing that back again. And, this was an idea that Republicans almost universally supported. They voted through in the House.

They paid for it, to some extent, with their constituents during the midterms but I think that bringing that idea back is such a non- starter that I can't imagine a compromise position between the White House, which is saying they want to protect Medicare recipients and vouchers. I don't think that's going to fly with Democrats, at all.

GREGORY: Kathleen, I've got a few seconds before we get to a break. What's striking to me is that these issues are still so hard and that the election didn't seem to solve them completely enough.

PARKER: Well, that's a statement rather than a question. So, I'll talk about something that I want to talk about, which is that --

GREGORY: But I mean, is that true? Why didn't it?

PARKER: Why didn't? Because, the -- look, the Republicans cannot give on taxes. They simply can't. It would damage their brand permanently and the President is unwilling to -- he is insisting on raising revenues through taxes. There's no way to have a meeting of the minds and when those differences exist.

And, that's not going to change. The sequester is going to continue through the fiscal year. However, and I think it's very important to make this note. There is some flexibility on how this sequester cuts are applied despite what's been said. Next week -- or this week rather, the Congress is going to pass a bill, a defense appropriations bill, allowing the Defense to have some flexibility in how they apply those cuts. And there's more to say on that but it's not quite as extreme as it seems, and the Republicans, there's just no real reason for the Republicans to give at this point.

GREGORY: Let me get a break in here, we'll come back, Chuck will make a point, and we'll wrap our Round Table right up this morning.

(COMMERCIAL BREAK)

GREGORY: This is Wednesday, on the Capitol. This was a moment of actual bi-partisan agreement. Rosa Parks honored with a statue on Capitol Hill. And, it just came at a really interesting time this week with a debate in the Supreme Court about the future of the Voting Rights Act, what kind of society we want to be, and whether times have changed in our civil rights struggle.

And, Joy Reid, I wanted to ask you about part of that debate. Here was a Justice Scalia, saying something that got a lot of reaction about why he would seem to be suggesting Voting Rights Act is not still necessary. A portion of what he said ...

(BEGIN VIDEOTAPE)

ANTONIN SCALIA, UNITED STATES SUPREME COURT JUSTICE: I think it is attributable, very likely attributable, to a phenomenon that is called perpetuation of racial entitlement. It's been written about whenever a society adopts racial entitlements, it is very difficult to get out of them through the normal political processes."

(END VIDEO CLIP)

GREGORY: Again, the Voting Rights Act is -- mandates States like Mississippi, Louisiana, others in the south and elsewhere to get federal permission if they're going to change the way people access voting. How did you react to that?

REID: Well, first of all, it's an antebellum phrase so it was jarring to hear. He said it before, this is not the first time that Antonin Scalia has used the term racial entitlement. And, I think that one of the ironies in it is that his apparent objection to Section V of the Voting Rights Act, is that it interrupts the sense of entitlement of political officials to interrupt the demographics tide and to shape the election to, sort of, thwart it.

Right? Because what's happening here and the reason Section V is still relevant is that you do have politicians that are attempting to alter the process, whether it's cutting down early voting dates, whether it's instituting voter id.

There was one instance that was argued during the court case about a municipality that literally stopped having elections because the demographic tide against the white minority -- emerging minority and so they just stopped having elections to avert demographic tide.

So this is a sense that people feel entitled to change the political process to stop mainly minorities from gaining political power. So it's sort of an ironic use of phrase, not to mention, a very, let's just say throw back phrase.

GREGORY: Congressman, is it still necessary to have the Voting Rights Act?

LABRADOR: Clearly Congress voted for it, overwhelmingly. The question is whether it's constitutional, whether it's necessary. I can just talk about the examples in Idaho. Idaho has one statewide elected official that's Hispanic.

I'm one of two Congressman in Idaho who is Hispanic. It's a majority white state. It's over -- it's about 90 percent white, and they have no problem voting for racial minorities to represent them. I think we need to start to rethinking all these things. In fact, I welcome all minorities to move to Idaho and to move to states that are willing to vote statewide for minorities.

GREGORY: How far have we come, Tom?

BROKAW: Well, we've come a long way but the journey is not complete yet. In fact, I feel strongly that in this country, we need to expand voting rights not restrict them in some fashion. I would even move voting day from Tuesday to a weekend, which I think would encourage more people who are consumed with working or taking care of children at home can't get to the voting place.

Andrew Young, one of the great civil rights leaders, has got a movement out called "Why Tuesday." Why not move it to encourage more people. A, to vote, and therefore to feel kind of fulfilled as citizens and get more actively involved in the public arena. Racial entitlement is a pretty loaded phrase, it seems to me.

Voting Rights Act was passed, not as an entitlement, but to raise the idea that all citizens in this country are equal. And, that's not an entitlement that makes them exceptional. It just brings up the bar for everyone, whatever their color. And, I think that we have to examine this very carefully.

There is a heck of a lot of voter suppression around the country, even in some Democratic districts, as well as Republican districts because Secretaries of State control where the voting booths are and who gets to vote under what circumstances. We ought to change that.

GREGORY: Kathleen, I'm afraid I'm almost out of time --

PARKER: I just want to add one thing.

GREGORY: -- but I want to get your comment.

PARKER: I would never try to interpret what Justice Scalia is thinking. But, the issue here is Section V specifically which requires certain states be treated differently than others. And so, the question is, are the data being used to distinguish those states from others, are they still relevant today and should they be re- evaluated. And that's

come up several times this -- this is an ongoing conversation. So -- GREGORY: So, this debate will continue. I wanted to get to the debate about working from home as well but, I think we'll have to do that at a later date. But, we'll come back here in just a minute.

END

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